IDHUGWE FAVOUR OVOKEROH (18/LAW01/115)

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FOUR HUNDRED HECTARES MILLET PLANTATION EXTRACTION AT IDHUGWE AND FAMILY FARM,  PORT HARCOURT, RIVERS STATE.

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Signature:

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Date:

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Executive Summary/ Project Description

This business plan examines the feasibility of and indeed economic viability of the development of a 600hectaretomatoes plantation and the establishment of a tomato plant in Idhugwe and Family farm and Rivers state Farmer’s Cooperative Society Limited. The farm will produce about 1,200tonnes  millet in a production cycle. The extended  extraction plant will process about 6,700tonnes of millet into edible flour , swallow etc. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the North Central and North West with Benue State and Kaduna as the lead .

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire tomato be processed will be sourced locally through direct production, contract farming in Rivers State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.

**Sponsorship**

The project is sponsored by Peter idhugwe a business man who is promoting the productivity of smallholder farmers in rivers state through the idhugwe family farm.

**Management**

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and member of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complied with all standards set by regulatory authorities.

The Managing Director/President shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

**Technical Assistance**

The idhugwe family farm is in a working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has mandate in millet production and processing and will provide technical assistance in this regard. production of the 400hectares of millet through a loan at 9% interest rate (anchor borrower’s scheme) given to the cooperative. The idhugwe family farm has working relationships with and linkages to industry players in the project area who will offtake products through a purchase and sale contract agreement. They include Flour Mill of Nigeria Limited, Obasanjo Farms Ltd

**Market and Sales**

Market orientation: domestic; South West & South East, Nigeria

Market Share: 5% niche market in South West, South East Nigeria

Users of Products: flour for human

**Competition analysis**

Benue State alone produced 44% of national output between1999 and 2017. Kaduna State followed with 27% of national output within the period. Taraba, Plateau, Kano, Niger and katsina produced 6% and below in the period. The seven state mentioned above produced 94% of national output within the period. The only places where significant production took place in South West, Nigeria was in Saki West L.G.A. in Oyo State and Akure North L.G.A in Ondo State. Based on this above analysis, competition in terms of production in South West, Nigeria is non- existent Compare to the demand for produce.

**Tariff and Import Restriction**

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

**Market Potential**

There is strong demand for millet derivatives in the Southern part of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

**Profitability**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. cow invading the farm could affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

**Technical Feasibility**

The projects (production of millet) are technically feasible.  In terms of technology, which involve the crushing of millet seed and extraction of millet, the industrial processes are simple and a specialist in oil extraction with more than 15years experience is part of our team. The needed equipment for oil extraction are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

**Government Support and Regulation**

The project conform with the economic diversification objective of the  government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector.  The project will also benefit from the favourable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

**Project Timeline**

The project will be completed within 5months preferably between November 2020 to march, 2021 because land clearing is mostly done in the dry season.

1. Land clearing

|  |  |  |  |
| --- | --- | --- | --- |
| **ACTIVITY** | **QUANTITY** | **NAIRA** | **KOBO** |
| Land clearing | 1 hectare | 220,000 | 00 |
| Cross cutting | 1 hectare | 20,000 | 00 |
| Rome ploughing | 1 hectare | 60,000 | 00 |
| **SUB TOTAL** | 1 hectare | 300,000 | 00 |
| **TOTAL** | 400 hectare | 1,20,000 | 00 |

B) Equipment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| NAME | QUANTITY | MODEL | NAIRA | KOBO |
| TRACTOR | 1 | YTO-920(90HP) | 9,000,000 | 00 |
| DISC HARROW | 1 | IBJ-3.6 | 1,300,100 | 00 |
| SUB SOILER | 1 | IS-200G | 1,200,000 | 00 |
| MILLET SEDER | 1 | 2BFY-6T | 1,900,000 | 00 |
| TRIPPER | 1 | 6CX-9T | 4,000,000 | 00 |
| COMBINE HARVESTER | 1 | 9YXC-9I | 38,000,000 | 00 |
| BOOM SPRAYER | 1 | 4A-2000D-18 | 2,700,000 | 00 |
| FRONT LOADER | 1 | ZC1OK | 3,000,000 | 00 |
| SUB TOTAL | ------- | -------- | 61,100,100 | 00 |

1. VEHICLE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TYPE | MODEL | QUANTITY | NAIRA | KOBO |
| Pick up truck | Hilux | 3 | 45,000,000 | 00 |

1. IRRIGATION

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TYPE | Quantity | MODEL | NAIRA | KOBO |
| HOSE REEL | 1 | 200-880MT | 1,500,000 | 00 |

1. OPERATING COST

|  |  |  |
| --- | --- | --- |
| WORKING CAPITAL | NAIRA | KOBO |
| Ploughing Ha | 20,000 | 00 |
| Harrowing/Ha | 15,000 | 00 |
| Sub total | 35,000 | 00 |
| For 400 Ha | 14,000,000 | 00 |

|  |  |  |
| --- | --- | --- |
|  | NAIRA | KOBO |
| MECHANIZATION AND STORAGE | 150,000 | 00 |
| **For 400Ha** | **60,000,000** | 00 |
| Input /ha | 100,000 | 00 |
| **For 400ha** | **40,000,000** | 00 |
| Area yield insurance | 15,000 | 00 |
| Produce aggregation | 6,000 | 00 |
| Geo special service | 5,000 | 00 |
| Sub total | 26,000 | 00 |
| **For 400ha** | **10,400,00** | 00 |
| Interest per hectare | 23,000 | 00 |
| **For 400hA** | **9,200,000** | 00 |
| Total cost per hectare | 300,000 | 00 |
| **Total cost for 400ha** | **120,000,000** | 00 |
| Loan principal and interest (cost per hectare) | 300,000 | 00 |
| **Total for 400ha** | **120,000,000** | 00 |
| **Irrigation cost for 400ha excluding fixed cost** | **25,000,000** | 00 |

**AMORIZATION**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** | **40,000** |
| **Land clearing amortization (400hectare** | **16,000,000** |

**Revenue**

|  |  |  |
| --- | --- | --- |
|  | **Naira** | **kobo** |
| Yield per hectare 3tonnes @15000per tonne | --------------------- | 00 |
| Revenue per hectare | 500,000 | 00 |
| For 400ha | 200,000,000 | 00 |
| Net revenue for 400ha (without amortization | 70,000,000 | 00 |
| Net revenue with amortization 400ha clearing | 60,000,000 | 00 |
| 2nd production cycle | ------------- | ------------- |
| Net revenue | 45,000,000 | 00 |
| Net revenue with amortization (400ha land | ------------- | 00 |
| Annaual net revenue (1+2nd cycle) | 100,000,000 | 00 |

**Funding Mechanism**

Idhugwe family farm will provide 400Ha of cleared farmland around the family house. Idhugwe family farm land will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor  to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

**Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding.